

[6 March, 2007]

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very high interest rates, but when things begun to go wrong, they offer to convert the high interest and principal into fresh loans, putting the farmers into debt far in excess of the original loan amount;

(b) whether any instructions have been issued about re-phasing of loans to ease out the farmer under special rehabilitation package; and

(c) if so, the details in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) No, Sir. While deregulating the interest rates on advances, RBI has stipulated that interest rates on advances upto Rs. 2 lakh cannot exceed the Benchmark Prime Lending Rate. Since, Kharif 2006, banks are disbursing Short Term Agricultural Credit to farmers at a rate of interest of 7% p.a.

(b) and (c) Yes, Sir. In 31 debt stressed districts in the four States of Maharashtra (06), Andhra Pradesh (16), Karnataka (06) and Kerala (03) the relief package announced for farmers provides that the entire interest on overdue loans as on 01.07.2006 will be waived such that all farmers will have no past interest burden as on that date. This will immediately make them eligible for fresh loan from the banking system. Further, the overdue loans of the farmers as on 01.07.2006 will be rescheduled over a period of 3-5 years with a one year moratorium.

#### **Consolidation in public sector banks**

786. SHRIMATI SUPRIYA SULE: Will the Minister of FINANCE be pleased to state:

(a) whether Government are considering to revive its plans for consolidation in Public Sector Banks;

(b) if so, whether he has advised the State Bank of India to merge some of its unlisted subsidiaries with itself;

(c) whether he had earlier also considered the proposals to merge the Union Bank of India and Bank of India to form one entity;

(d) if so, whether any final decision for merger of PSU banks have been taken; and

(e) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (e) Committee on Banking Sector Reforms (Narasimham Committee I) had recommended consolidation in the banking sector as part of wider financial sector reforms. Government is of the view that any proposal for consolidation by way of merger etc. of one public sector bank (PSB) with another PSB should emanate from the concerned banks with Government playing a supportive role as the common shareholder. While supporting any merger proposal, Government will ensure that the interests of the stakeholders and employees of merging banks are adequately protected. Government has not, however, received any such proposal so far.

### **Expansion of RRBs**

787. SHRIMATI SUPRIYA SULE: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to push for expansion of Regional Rural Banks (RRBs) branches while trying to consolidate them for better performance;

(b) if so, whether the intention to pursue an aggressive branch expansion programme for RRB in calendar year 2007; and

(c) whether he has also clarified that there was no proposal to merge RRB with sponsored banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) Yes, Sir.

### **Disinvestment process**

788. SHRIMATI S.G. INDIRA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government propose to bring back the disinvestment process on track;

(b) if so, the details thereof;